

Core Business Process VIII - FFEL Origination, Disbursement, Repayment and Collection

Risk Mitigation and Contingency Options Matrix

Minimum Acceptable Level of Service:

Loan Origination - 30 days

Decomposition of Sub-Process: 1. Schools certify application								
Core Business Process: FFEL Origination, Disbursement, Repayment and Collection Process								
Scenario Section				Business Priority Section			Possible Options	
Failure Source	Threat/Failure Scenario	Impact/End Result	Earliest Failure Date	Impact Rating	Risk Rating	Priority Rating	Risk Mitigation Options	High-Level Contingency Options
School System	The ability for a school to certify an application fails.	Disbursements cannot be made to students.	Spring 1999	High	Undetermined	High	To mitigate the risk that disbursements cannot be made to students, ED would ensure that: <ul style="list-style-type: none"> Schools implement alternative software products. Schools process paper loan applications. 	If disbursements cannot be made to students ED would institute the following contingencies: <ul style="list-style-type: none"> Implement alternative software products. Process paper loan applications.

Core Business Process VIII - FFEL Origination, Disbursement, Repayment and Collection

Risk Mitigation and Contingency Options Matrix

Minimum Acceptable Level of Service:

Loan Origination - 30 days

Decomposition of Sub-Process: 2. Schools transmit application								
Core Business Process: FFEL Origination, Disbursement, Repayment and Collection Process								
Scenario Section				Business Priority Section			Possible Options	
Failure Source	Threat/Failure Scenario	Impact/End Result	Earliest Failure Date	Impact Rating	Risk Rating	Priority Rating	Risk Mitigation Options	High-Level Contingency Options
School System/ Telecom	The ability for schools to transmit applications fails.	Disbursements are not made to students.	Spring 1999	High	Undetermined	High	To mitigate the risk that disbursements are not made to students, ED would use alternative telecommunication options (tapes, diskettes, etc.).	<p>If disbursements are not made to students, ED would institute the following contingencies:</p> <ul style="list-style-type: none"> • Require schools to send paper applications to the Department. • Require GAs to process paper applications. • Implement alternative telecommunication methods.

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Minimum Acceptable Level of Service:
Loan Origination - 30 days

Decomposition of Sub-Process: 3. GA guarantees loans								
Core Business Process: FFEL Origination, Disbursement, Repayment and Collection Process								
Scenario Section				Business Priority Section			Possible Options	
Failure Source	Threat/Failure Scenario	Impact/End Result	Earliest Failure Date	Impact Rating	Risk Rating	Priority Rating	Risk Mitigation Options	High-Level Contingency Options
GA System	The ability of GA's to guarantee loans fails.	Disbursements are not made to students.	Spring 1999	Low	Undetermined	Low	<p>To mitigate the risk that disbursements are not made to students, ED would:</p> <ul style="list-style-type: none"> Blanket certifications for lenders to bypass GA failures. Recommend other GA's guarantee loans. 	<p>If disbursements are not made to students, ED would institute the following contingencies:</p> <ul style="list-style-type: none"> Blanket certifications for lenders to bypass GA failures. Recommend other GA's guarantee loans. ED would guarantee loans (FISL-like)

Core Business Process VIII - FFEL Origination, Disbursement, Repayment and Collection
Risk Mitigation and Contingency Options Matrix
Minimum Acceptable Level of Service:
Loan Origination - 30 days

Decomposition of Sub-Process: 1. GA transmits guarantee								
Core Business Process: FFEL Origination, Disbursement, Repayment and Collection Process								
Scenario Section				Business Priority Section			Possible Options	
Failure Source	Threat/Failure Scenario	Impact/End Result	Earliest Failure Date	Impact Rating	Risk Rating	Priority Rating	Risk Mitigation Options	High-Level Contingency Options
GA System/Comm	GA transmits guarantee to school and lender fails.	Disbursements are not made to students.	Spring 1999	Low	Undetermined	Low	<p>To mitigate the risk that disbursements are not made to students, ED would:</p> <ul style="list-style-type: none"> Require GA's to implement alternative telecommunication options. <p>Require GA's to implement blanket certifications for lenders to bypass a GA failure.</p>	<p>In the case that disbursements are not made to students, ED would institute the following contingencies:</p> <ul style="list-style-type: none"> Require GA's to implement alternative telecommunication options. Require GA's to implement blanket certifications for lenders to bypass GA failure. Require other GAs to guarantee loans. ED guarantees loans (FISL-like).

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Risk Mitigation and Contingency Options Matrix
Minimum Acceptable Level of Service:
Loan Origination - 30 days

Decomposition of Sub-Process: 2. Lender performs PLUS credit checks								
Core Business Process: FFEL Origination, Disbursement, Repayment and Collection Process								
Scenario Section				Business Priority Section			Possible Options	
Failure Source	Threat/Failure Scenario	Impact/End Result	Earliest Failure Date	Impact Rating	Risk Rating	Priority Rating	Risk Mitigation Options	High-Level Contingency Options
Lender System	A lender's ability to perform PLUS credit checks fails.	Disbursements are not made to students.	Spring 1999	Low	Undetermined	Low	<p>To mitigate the risk that disbursements are not made to students, ED would:</p> <ul style="list-style-type: none"> • Move as many Spring 2000 disbursements as possible to Fall 1999. • Ensure schools could certify loans for eligible students for their maximum loan amounts. • Ensure schools could schedule second semester disbursements to Dec. 1999 (liability waiver required). • Ensure schools could expand the preferred lender lists to bypass a lender failure. • Ensure GAs expand lender participation agreements to bypass a lender failure. • Ensure lenders to use alternative lender disbursement agents to bypass a disbursement agent failure. • Ensure schools arrange for lines of credit in order to issue short-term loans to students. 	<p>In the case that disbursements are not made to students, ED would institute the following contingencies:</p> <ul style="list-style-type: none"> • Non-failure lenders to disburse loans. • Implement SLMA Lender of Last Resort program to disburse loans to bypass lender failures. • Implement GA Lender of Last Resort program to disburse loans to bypass lender failures. • Use Direct Loan program to bypass lender failures.

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Risk Mitigation and Contingency Options Matrix
Minimum Acceptable Level of Service:
Loan Origination - 30 days

Decomposition of Sub-Process: 3. Lender obtains signed promissory note								
Core Business Process: FFEL Origination, Disbursement, Repayment and Collection Process								
Scenario Section				Business Priority Section			Possible Options	
Failure Source	Threat/Failure Scenario	Impact/End Result	Earliest Failure Date	Impact Rating	Risk Rating	Priority Rating	Risk Mitigation Options	High-Level Contingency Options
Lender System	The lender's ability to obtain a signed promissory note fails.	Disbursement are not made to students.	Spring 1999	High	Undetermined	Low	<p>To mitigate the risk that disbursements are not made to students, ED would:</p> <ul style="list-style-type: none"> • Move as many Spring 2000 disbursements as possible to Fall 1999 • Ensure schools could certify loans for eligible students for their maximum loan amounts • Ensure schools expand preferred lender lists to bypass a lender failure. • Ensure GAs to expand lender participation agreements to bypass a lender failure. • Ensure lenders use alternative lender disbursement agents to bypass a disbursement agent failure. • Ensure schools could cut spring semester refund checks to students in December 1999 and hold until student's spring 2000 enrollment is confirmed. • Ensure schools arrange for lines of credit in order to issue short-term loans to students. 	<p>In the case that disbursements are not made to students, ED would institute the following contingencies:</p> <ul style="list-style-type: none"> • Non-failure lenders to disburse loans to students. • Implement SLMA Lender of Last Resort programs to disburse loans to bypass lender failures. • Implement GA Lender of Last Resort program to disburse loans to bypass lender failures. • Use Direct Loan program to bypass lender failures.

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Risk Mitigation and Contingency Options Matrix
Minimum Acceptable Level of Service:
Loan Origination - 30 days

Decomposition of Sub-Process: 4. Lender approves loan								
Core Business Process: FFEL Origination, Disbursement, Repayment and Collection Process								
Scenario Section				Business Priority Section			Possible Options	
Failure Source	Threat/Failure Scenario	Impact/End Result	Earliest Failure Date	Impact Rating	Risk Rating	Priority Rating	Risk Mitigation Options	High-Level Contingency Options
Lender System	The lender's ability to approve loans fails.	Disbursement are not made to students	Spring 1999	High	Undetermined	Low	<p>To mitigate the risk that disbursements are not made to students, ED would:</p> <ul style="list-style-type: none"> • Move as many Spring 2000 disbursements as possible to Fall 1999. • Ensure schools could certify loans for eligible students for their maximum loan amounts. • Ensure schools expand preferred lender lists to bypass a lender failure. • Ensure GA's expand lender participation agreements to bypass a lender failure. • Ensure lenders use alternative lender disbursement agents to bypass disbursement agent failure. • Ensure schools arrange for lines of credit in order to issue short-term loans to students. 	<p>In the case that disbursements are not made to students, ED would institute the following contingencies:</p> <ul style="list-style-type: none"> • Non-failure lenders to disburse loans to students. • Implement SLMA Lender of Last Resort programs to disburse loans to bypass lender failures. • Implement GA Lender of Last Resort program to disburse loans to bypass lender failures. • Use Direct Loan program to bypass lender failures

Core Business Process VIII -FFEL Origination, Disbursement, Repayment and Collection Process
Risk Mitigation and Contingency Options Matrix
Minimum Acceptable Level of Service:
Loan Disbursement - 30 days

Decomposition of Sub-Process: 1. Lender disburses funds to school								
Core Business Process: FFEL Origination, Disbursement, Repayment and Collection Process								
Scenario Section				Business Priority Section			Possible Options	
Failure Source	Threat/Failure Scenario	Impact/End Result	Earliest Failure Date	Business Priority Impact Rating	Business Priority Risk Rating	Business Priority Priority Rating	Risk Mitigation Options	High-Level Contingency Options
Lender System	The lender ability to disburse funds fails.	Disbursements are not made to schools	Fall 1999	High	Undetermined	High	<p>To mitigate the risk that disbursements are not made to students, ED would:</p> <ul style="list-style-type: none"> • Move as many Spring 2000 disbursements as possible to Fall 1999. • Ensure schools could certify loans for eligible students for their maximum loan amounts. • Ensure schools expand preferred lender lists to bypass a lender failure. • Ensure schools receive regulatory relief to credit student's account earlier than currently allowed (liability waiver). • Ensure schools expand preferred lender lists to bypass lender failures. • Ensure GAs expand lender participation agreements to bypass lender failures. • Ensure lenders use alternative disbursement agents to bypass disbursement agent failures. • Ensure schools arrange for lines of credit in order to issue short-term loans to students. 	<p>In the case that disbursements are not made to students, ED would institute the following contingencies:</p> <ul style="list-style-type: none"> • Non-failure lenders to disburse loans to students. • Implement SLMA Lender of Last Resort programs to disburse loans to bypass lender failures. • Implement GA Lender of Last Resort program to disburse loans to bypass lender failures. • Use Direct Loan program to bypass lender failures

Core Business Process VIII -FFEL Origination, Disbursement, Repayment and Collection Process
Risk Mitigation and Contingency Options Matrix
Minimum Acceptable Level of Service:
Loan Disbursement - 30 days

Decomposition of Sub-Process: 2. Lender transmits disbursement data								
Core Business Process: FFEL Origination, Disbursement, Repayment and Collection Process								
Scenario Section				Business Priority Section			Possible Options	
Failure Source	Threat/Failure Scenario	Impact/End Result	Earliest Failure Date	Business Impact Rating	Business Risk Rating	Business Priority Rating	Risk Mitigation Options	High-Level Contingency Options
Lender System	The lender ability to transmit disbursement data fails.	Disbursements are not made to schools.	Fall 1999	High	Undetermined	High	<p>To mitigate the risk that disbursements are not made to students, ED would:</p> <ul style="list-style-type: none"> • Move as many Spring 2000 disbursements as possible to Fall 1999. • Ensure schools could certify loans for eligible students for their maximum loan amounts. • Ensure schools expand preferred lender lists to bypass a lender failure. • Ensure schools receive regulatory relief to credit student's account earlier than currently allowed (liability waiver). • Ensure schools expand preferred lender lists to bypass lender failures. • Ensure Gas expand lender participation agreements to bypass lender failures. • Ensure lenders use alternative disbursement agents to bypass disbursement agent failures. • Ensure schools arrange for lines of credit in order to issue short-term loans to students. 	<p>In the case that disbursements are not made to students, ED would institute the following contingencies:</p> <ul style="list-style-type: none"> • Schools could use the GA's disbursement data if it is available. • Schools could use its own anticipated disbursement data and reconcile with lender when a failure is corrected. • Schools could arrange to issue lines of credit to allow short-term loans to students.

Core Business Process VIII -FFEL Origination, Disbursement, Repayment and Collection Process
Risk Mitigation and Contingency Options Matrix
Minimum Acceptable Level of Service:
Loan Disbursement - 30 days

Decomposition of Sub-Process: 3. School credits student accounts								
Core Business Process: FFEL Origination, Disbursement, Repayment and Collection Process								
Scenario Section				Business Priority Section			Possible Options	
Failure Source	Threat/Failure Scenario	Impact/End Result	Earliest Failure Date	Business Priority Impact Rating	Business Priority Risk Rating	Business Priority Priority Rating	Risk Mitigation Options	High-Level Contingency Options
School System	The school ability to credit student accounts fails.	Student's account not credited.	Fall 1999	High	Undetermined	High	<p>To mitigate the risk that disbursements are not made to students, ED would:</p> <ul style="list-style-type: none"> • Move as many Spring 2000 disbursements as possible to Fall 1999. • Ensure schools could certify one-semester loans for students eligible for maximum loan amounts. • Ensure schools could schedule second semester disbursements to Dec. 1999 (liability waiver required). • Ensure schools could receive regulatory relief to credit student's account earlier than currently allowed (liability waiver). • Ensure schools could cut spring semester refund checks to students in December 1999 and hold until student's spring 2000 enrollment is confirmed. • Ensure schools arrange for lines of credit in order to issue short-term loans to students. 	<p>In the case that disbursements are not made to students, ED would institute the following contingencies:</p> <ul style="list-style-type: none"> • Allow schools to defer outstanding tuition bills. • Allow schools to arrange for lines of credit to issue short-term loans to students.

Core Business Process VIII -FFEL Origination, Disbursement, Repayment and Collection Process
Risk Mitigation and Contingency Options Matrix
Minimum Acceptable Level of Service:
Loan Disbursement - 30 days

Decomposition of Sub-Process: • School delivers loan proceeds Core Business Process: FFEL Origination, Disbursement, Repayment and Collection Process								
Scenario Section				Business Priority Section			Possible Options	
Failure Source	Threat/Failure Scenario	Impact/End Result	Earliest Failure Date	Business Priority Impact Rating	Business Priority Risk Rating	Business Priority Priority Rating	Risk Mitigation Options	High-Level Contingency Options
School System	School unable to deliver loan proceeds	Student does not receive loan proceeds	Fall 1999	High	Undetermined	High	<p>To mitigate the risk that disbursements are not made to students, ED would:</p> <ul style="list-style-type: none"> • Move as many Spring 2000 disbursements as possible to Fall 1999 • Schools could certify one-semester loans for students eligible for maximum loan amounts • Schools could schedule second semester disbursements to Dec. 1999 (liability waiver required) • Schools could receive regulatory relief to credit student's account earlier than currently allowed (liability waiver) • Schools could cut spring semester refund checks to students in December 1999 and hold until student's spring 2000 enrollment is confirmed • Schools to arrange for lines of credit in order to issue short term loans to students 	<p>In the case that disbursements are not made to students, ED would institute the following contingencies:</p> <ul style="list-style-type: none"> • Schools to defer outstanding tuition bills. • Schools to arrange for lines of credit to issue short term loans to students.

Core Business Process VIII -FFEL Origination, Disbursement, Repayment and Collection Process

Risk Mitigation and Contingency Options Matrix

Minimum Acceptable Level of Service:

Lender Repayment and Collection – 90 days

Decomposition of Sub-Process: 1. Lender updates borrower status								
Core Business Process: FFEL Origination, Disbursement, Repayment and Collection Process								
Scenario Section				Business Priority Section			Possible Options	
Failure Source	Threat/Failure Scenario	Impact/End Result	Earliest Failure Date	Impact Rating	Risk Rating	Priority Rating	Risk Mitigation Options	High-Level Contingency Options
Lender System	The lender's ability to update borrower status fails.	The borrower may not be placed in repayment or may be denied deferments or forbearance. The borrower may also be considered in default due to error.	1/3/2000	High	Undetermined	High	<p>To mitigate the risk that borrower status is not entered, ED would:</p> <ul style="list-style-type: none"> Require borrower servicing/payment histories to be archived on December 31, 1999 to allow continued servicing on most recent information. Require lenders to make alternative servicing arrangements 	In the case that the status of the borrower cannot be updated, ED would perform case-by-case liability waivers based on failures and impacts on the borrower.

Core Business Process VIII-FFEL Origination, Disbursement, Repayment and Collection Process

Risk Mitigation and Contingency Options Matrix

Minimum Acceptable Level of Service:

Lender Repayment and Collection – 90 days

Decomposition of Sub-Process: 2. Lender bills/collects payments from borrowers							
Core Business Process: FFEL Origination, Disbursement, Repayment and Collection Process							
Scenario Section				Business Priority Section			Risk Mitigation Options
Failure Source	Threat/Failure Scenario	Impact/End Result	Earliest Failure Date	Impact Rating	Risk Rating	Priority Rating	High-Level Contingency Options
Lender System	The lender's ability to bill/collect payments from borrowers fails.	The borrower may be considered in default in error.	1/3/2000	High	Undetermined	High	<p>To mitigate the risk that the lender cannot bill/collect payments, ED would:</p> <ul style="list-style-type: none"> Require borrower servicing/payment histories be archived on December 31, 1999. Encourage lenders to make alternative servicing arrangements.

Core Business Process VIII-FFEL Origination, Disbursement, Repayment and Collection Process

Risk Mitigation and Contingency Options Matrix

Minimum Acceptable Level of Service:

Lender Repayment and Collection – 90 days

Decomposition of Sub-Process: 3. Lender applies payments/ accrue accurate interest								
Core Business Process: FFEL Origination, Disbursement, Repayment and Collection Process								
Scenario Section				Business Priority Section			Possible Options	
Failure Source	Threat/Failure Scenario	Impact/End Result	Earliest Failure Date	Impact Rating	Risk Rating	Priority Rating	Risk Mitigation Options	High-Level Contingency Options
Lender System	The lender's ability to apply payments and/or accrue accurate interest fails.	The borrower may be considered in default in error or may have been assessed inaccurate interest accruals.	1/3/2000	High	Undetermined	High	<p>To mitigate the risk that the lender's ability to accrue payments or accrue accurate interest fails, ED would.</p> <ul style="list-style-type: none"> Require borrower servicing/payment histories be archived on December 31, 1999 to allow continued servicing with most recent information. Allow lenders to make alternative servicing arrangements. 	In the case that the lender's ability to accrue payments or accrue accurate interest fails, ED would perform case-by-case liability waivers based on failures and impacts on the borrower.

Core Business Process VIII-FFEL Origination, Disbursement, Repayment and Collection Process

Risk Mitigation and Contingency Options Matrix

Minimum Acceptable Level of Service:

Lender Repayment and Collection – 90 days

Decomposition of Sub-Process: 4. Lender reports to credit bureau								
Core Business Process: FFEL Origination, Disbursement, Repayment and Collection Process								
Scenario Section				Business Priority Section			Possible Options	
Failure Source	Threat/Failure Scenario	Impact/End Result	Earliest Failure Date	Business Priority Impact Rating	Business Priority Risk Rating	Business Priority Priority Rating	Risk Mitigation Options	High-Level Contingency Options
Lender system	The lender's ability to report to credit bureau fails.	The borrower may have inaccurate credit bureau information.	1/3/2000	High	Undetermined	High	To mitigate the risk that the lender's reporting to the credit bureau fails, ED would allow lenders to make alternative servicing arrangements.	In the case that the lender's reporting to the credit bureau fails, ED would perform case-by-case liability waivers based on failures and impacts on the borrower.

Core Business Process VIII-FFEL Origination, Disbursement, Repayment and Collection Process

Risk Mitigation and Contingency Options Matrix

Minimum Acceptable Level of Service:

Lender Repayment and Collection – 90 days

Decomposition of Sub-Process: 5. Lender requests pre-claim assistance								
Core Business Process: FFEL Origination, Disbursement, Repayment and Collection Process								
Scenario Section				Business Priority Section			Possible Options	
Failure Source	Threat/Failure Scenario	Impact/End Result	Earliest Failure Date	Impact Rating	Risk Rating	Priority Rating	Risk Mitigation Options	High-Level Contingency Options
Lender System	The lender's ability to request pre-claim assistance fails.	The borrower may be denied default prevention activities.	1/3/2000	High	Undetermined	High	To mitigate the risk that the lender's ability to request pre-claims assistance fails, ED would allow lenders to make alternative servicing arrangements.	In the case that the lender's ability to request pre-claims assistance fails, ED would perform case-by-case liability waivers based on failures and impacts on the borrower.

Core Business Process VIII186-FFEL Origination, Disbursement, Repayment and Collection Process

Risk Mitigation and Contingency Options Matrix

Minimum Acceptable Level of Service:

Guaranty Agency Repayment and Collection - 90 Days

Decomposition of Sub-Process: 1. GA updates borrower status								
Core Business Process: FFEL Origination, Disbursement, Repayment and Collection Process								
Scenario Section				Business Priority Section			Possible Options	
Failure Source	Threat/Failure Scenario	Impact/End Result	Earliest Failure Date	Impact Rating	Risk Rating	Priority Rating	Risk Mitigation Options	High-Level Contingency Options
GA System	A GA's ability to update a borrower's status fails.	A borrower may be denied access to rehabilitation programs.	1/3/2000	Med	Undetermined	Med	<p>To mitigate the risk that the GA's ability to update a borrower's status fails, ED would review GA's Y2K plans submitted as of March 1999. Assessments will be made and the following risk options may be exercised:</p> <ul style="list-style-type: none"> • Transfer some or all GA services to another organization. • Require the mandatory assignment of defaulted accounts to ED. • Increase the use of collection agencies. • Require borrower servicing/payment histories to be archived on December 31, 1999 to allow continued servicing on most recent information. • Allow GAs to use alternative system servicing arrangements. 	<p>In the case that the GA's ability to update a borrower's status fails, ED would institute the following contingencies:</p> <ul style="list-style-type: none"> • Transfer services to another GA. • Require mandatory assignments to ED. • Place all accounts with collection agencies.

Core Business Process VIII187-FFEL Origination, Disbursement, Repayment and Collection Process

Risk Mitigation and Contingency Options Matrix

Minimum Acceptable Level of Service:

Guaranty Agency Repayment and Collection - 90 Days

Decomposition of Sub-Process: 2. GA bill/collect payments form borrowers								
Core Business Process: FFEL Origination, Disbursement, Repayment and Collection Process								
Scenario Section				Business Priority Section			Possible Options	
Failure Source	Threat/Failure Scenario	Impact/End Result	Earliest Failure Date	Impact Rating	Risk Rating	Priority Rating	Risk Mitigation Options	High-Level Contingency Options
GA System	A GA's ability to bill/collect payments from borrowers fails.	The borrower's repayment status may be inaccurate.	1/3/2000	Med	Undetermined	Med	<p>To mitigate the risk that the ability of the GA's to bill/collect payments from borrowers fails, ED would review GA's Y2K plans submitted as of March 1999. Assessments will be made and the following risk options may be exercised:</p> <ul style="list-style-type: none"> • Transfer some or all GA services to another organization. • Require the mandatory assignment of defaulted accounts to ED. • Increase the use of collection agencies. • Require borrower servicing/payment histories to be archived on December 31, 1999 to allow continued servicing on most recent information. • Allow GAs to use alternative system servicing arrangements. 	<p>In the case that the ability of the GA's to bill/collect payments from borrowers fails, ED would institute the following contingencies:</p> <ul style="list-style-type: none"> • Transfer services to another GA. • Require mandatory assignments to ED. • Place all accounts with collection agencies.

Core Business Process VIII188-FFEL Origination, Disbursement, Repayment and Collection Process
 Risk Mitigation and Contingency Options Matrix
 Minimum Acceptable Level of Service:
 Guaranty Agency Repayment and Collection - 90 Days

Decomposition of Sub-Process:				3. GA apply payments/accrue accurate interest to borrower account		
Core Business Process:				FFEL Origination, Disbursement, Repayment and Collection Process		
Scenario Section				Business Priority Section		
Failure Source	Threat/Failure Scenario	Impact/End Result	Earliest Failure Date	Impact Rating	Risk Rating	Priority Rating
				Risk Mitigation Options		High-Level Contingency Options

Core Business Process VIII189-FFEL Origination, Disbursement, Repayment and Collection Process

Risk Mitigation and Contingency Options Matrix

Minimum Acceptable Level of Service:

Guaranty Agency Repayment and Collection - 90 Days

GA System	A GA's ability to apply payments or accrue accurate interest to a borrower's account fails.	The borrower's repayment status may be inaccurate or may have been assessed inaccurate interest accruals.	1/3/2000	Med	Undetermined	Med	<p>To mitigate the risk that a GA's ability to apply payments or accrue accurate interest to a borrower's account fails, ED would review GA's Y2K plans submitted as of March 1999. Assessments will be made and the following risk options may be exercised:</p> <ul style="list-style-type: none"> • Transfer some or all GA services to another organization. • Require the mandatory assignment of defaulted accounts to ED. • Increase the use of collection agencies. • Require borrower servicing/payment histories to be archived on December 31, 1999 to allow continued servicing on most recent information. • Allow GAs to use alternative system servicing arrangements. 	<p>In the case that a GA's ability to apply payments or accrue accurate interest to a borrower's account fails, ED would institute the following contingencies:</p> <ul style="list-style-type: none"> • Transfer services to another GA. • Require mandatory assignments to ED. • Place all accounts with collection agencies.
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Core Business Process VIII190-FFEL Origination, Disbursement, Repayment and Collection Process

Risk Mitigation and Contingency Options Matrix

Minimum Acceptable Level of Service:

Guaranty Agency Repayment and Collection - 90 Days

Decomposition of Sub-Process: 4. GA reports to credit bureau								
Core Business Process: FFEL Origination, Disbursement, Repayment and Collection Process								
Scenario Section				Business Priority Section			Possible Options	
Failure Source	Threat/Failure Scenario	Impact/End Result	Earliest Failure Date	Impact Rating	Risk Rating	Priority Rating	Risk Mitigation Options	High-Level Contingency Options
GA System	A GA's ability to report to a credit bureau fails.	The borrower may have inaccurate credit bureau information.	1/3/2000	Med	Undetermined	Med	<p>To mitigate the risk that a GA's ability to report to a credit bureau fails, ED would review GA's Y2K plans submitted as of March 1999. Assessments will be made and the following risk options may be exercised:</p> <ul style="list-style-type: none"> • Transfer some or all GA services to another organization. • Require the mandatory assignment of defaulted accounts to ED. • Increase the use of collection agencies. • Require borrower servicing/payment histories to be archived on December 31, 1999 to allow continued servicing on most recent information. • Allow GAs to use alternative system servicing arrangements. 	<p>In the case that a GA's ability to report to a credit bureau fails, ED would institute the following contingencies:</p> <ul style="list-style-type: none"> • Transfer services to another GA. • Require mandatory assignments to ED. • Place all accounts with collection agencies.

Core Business Process VIII191-FFEL Origination, Disbursement, Repayment and Collection Process

Risk Mitigation and Contingency Options Matrix

Minimum Acceptable Level of Service:

Guaranty Agency Repayment and Collection - 90 Days

Decomposition of Sub-Process: 5. GA remits ED's share of collections							
Core Business Process: FFEL Origination, Disbursement, Repayment and Collection Process							
Scenario Section				Business Priority Section			Possible Options
Failure Source	Threat/Failure Scenario	Impact/End Result	Earliest Failure Date	Impact Rating	Risk Rating	Priority Rating	Risk Mitigation Options
GA System	A GA's ability to remit ED's share of collections fails.	ED may have outstanding collections.	1/3/2000	Med	Undetermined	Med	<p>To mitigate the risk that the GA's ability to remit ED's share of collections fails, ED would review GA's Y2K plans submitted as of March 1999. Assessments will be made and the following risk options may be exercised:</p> <ul style="list-style-type: none"> • Transfer some or all GA services to another organization. • Require the mandatory assignment of defaulted accounts to ED. • Increase the use of collection agencies. • Require borrower servicing/payment histories to be archived on December 31, 1999 to allow continued servicing on most recent information. • Allow GAs to use alternative system servicing arrangements
							<p>In the case that the GA's ability to remit ED's share of collections fails, ED would institute the following contingencies:</p> <ul style="list-style-type: none"> • Transfer services to another GA. • Require mandatory assignments to ED. • Place all accounts with collection agencies.